



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 28, 2011

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Introduction Of Ordinance For A License Agreement With Santa Barbara Water Taxi

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving a Five-Year License Agreement with One Five-Year Option with Santa Barbara Water Taxi, L.L.C., Doing Business as Celebration Cruises, with a Base Rent of \$2,200 Per Month, for a Coastal Cruising Business at 219-G Stearns Wharf, Effective August 11, 2011.

BACKGROUND:

The lease agreement with Don Hedden, doing business as Captain Don's Harbor Cruises (Captain Don's), expired on September 30, 2006, and the business has been allowed to operate, with Waterfront Department approval, on a month-to-month holdover status since that time. The current rent is \$573 per month for the ticket kiosk and use of the Stearns Wharf Passenger Loading Ramp (PLR), or 15% of gross sales, whichever is greater. The business has been in a steady state of decline for many years and the Department sought a new operator for the business or at least a business improvement plan from the existing operator.

A Request for Proposals (RFP) was released on November 16, 2010, and a total of six responses were received by the January 6, 2011, deadline. Unfortunately, the proposals fell short of expectations and the RFP was reissued on March 31, 2011, with a deadline of May 5, 2011.

DISCUSSION:

Three responses were received by the May 5 deadline from Captain Don's, Santa Barbara Water Adventures, and Santa Barbara Water Taxi. The three proposals are described briefly as follows:

Captain Don's, the current concessionaire, submitted a one-page letter, which was not responsive to the terms of the RFP.

Santa Barbara Water Adventures (SBWA) has experience in operating parasailing and boat tours on Lake Tahoe. SBWA proposed to operate initially with a 35 foot parasailing boat and a 35 foot sloop-rigged sailboat. A 54 foot sailing catamaran would be ordered upon lease execution with a proposed delivery date of summer 2012 and the catamaran would replace the 35 foot sloop at that time. SBWA also proposed to rent and offer skippered six-passenger charters on one or more 23-27 foot powerboats.

Santa Barbara Water Taxi (SBWT) has operated the water taxi service between the Harbor and Stearns Wharf aboard the 22 passenger *Lil' Toot* since 2003. SBWT proposed to acquire a 64 foot, 49 passenger yacht named *Corporate Image* that is currently conducting charters and cruises in the San Diego area. SBWT proposed to rename the vessel *Celebration* and offer sunset cruises, dinner cruises and private charters similar to what the vessel is currently providing in San Diego. Since the vessel is currently operating and would need no refitting, SBWT estimates that the ownership of the vessel could be transferred within 30 days of approval of the license agreement.

The Harbor Commission Selection Committee met with staff on May 9 to review and discuss the proposals. After carefully considering the three proposals, the Selection Committee recommended the Santa Barbara Water Taxi proposal as being the most appropriate to reinvigorate the coastal cruising concession on Stearns Wharf as evidenced by the business plan, management and company history, and suitability of proposed vessels (*Lil' Toot* and *Celebration*). SBWT has the financial capability to purchase and operate the new vessel *Celebration*.

Fred and Kathy Hershman of Santa Barbara Water Taxi have a proven track record building their start-up water taxi business since its inception in 2003. SBWT has consistently adhered to its posted schedule and required hours of operation (weather and sea conditions permitting) and their marketing has proven effective in reaching customers. SBWT will continue to provide the water taxi service under a separate license agreement.

The business terms of the license agreement are summarized as follows:

- **Permitted Uses:** A coastal cruise business that may use one or more vessels.
- **Proposed Term:** Initial term of five years, with one five-year option to extend.
- **Proposed Minimum Monthly Rent:** \$2,200 per month; includes use of the 2,520 square foot berth area at Marina 4-B-ET3.
- **Proposed Percentage Rent:** 15% of gross receipts or the base rent, whichever is greater.

The Harbor Commission recommended selection of the SBWT proposal and approval of the license agreement at the May 19, 2011, meeting.

ATTACHMENT: Site Plan

PREPARED BY: Scott Riedman, Waterfront Business Manager

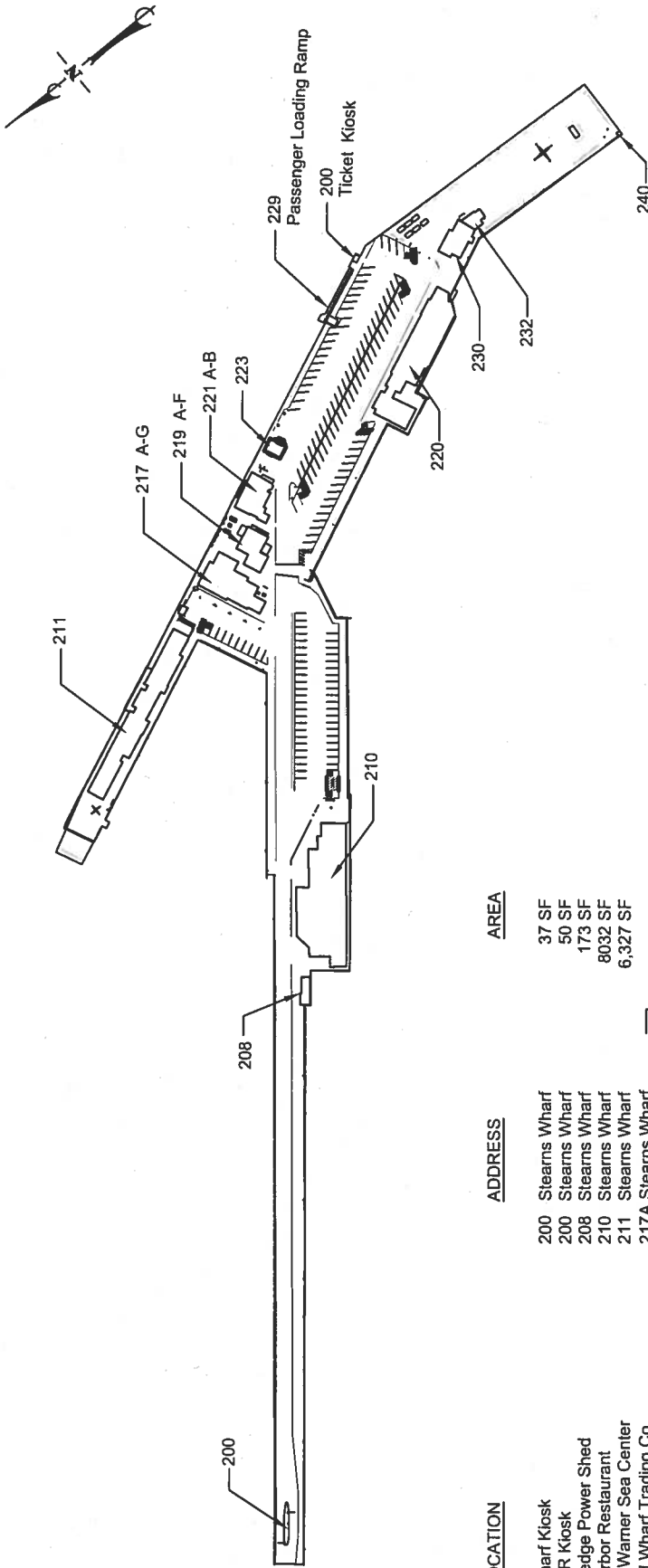
SUBMITTED BY: John N. Bridley, Waterfront Director

APPROVED BY: City Administrator's Office

Stearns Wharf

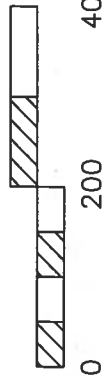
City of Santa Barbara, Waterfront Department

2000-089



LOCATION	ADDRESS	AREA
Wharf Kiosk	200 Stearns Wharf	37 SF
PLR Kiosk	200 Stearns Wharf	50 SF
Dredge Power Shed	208 Stearns Wharf	173 SF
Harbor Restaurant	210 Stearns Wharf	8032 SF
Ty Warner Sea Center	211 Stearns Wharf	6,327 SF
Old Wharf Trading Co.	217A Stearns Wharf	
Nature's Own	217C Stearns Wharf	
Coastal Treasure	217D Stearns Wharf	2932 SF
Conway Deep Sea Tasting Room	217E Stearns Wharf	
Great Pacific Ice Cream Co.	217G Stearns Wharf	
Mother Stearns	219A Stearns Wharf	
Devil and the Deep Blue Sea	219B Stearns Wharf	1276 SF
City Maintenance Office	219C Stearns Wharf	
Moby Dick Restaurant	219F Stearns Wharf	
Char West Restaurant	220 Stearns Wharf	4586 SF
Madame Rosinka	221A Stearns Wharf	1546 SF
City Maintenance Shed	221B Stearns Wharf	
Passenger Loading Ramp	223 Stearns Wharf	370 SF
Santa Barbara Shellfish	229 Stearns Wharf	257 SF
Bait and Tackle	230 Stearns Wharf	
Coast Guard Light	232 Stearns Wharf	1538 SF
	240 Stearns Wharf	

Wharf Total Area = 180,500 Square Feet



Scale (Feet)